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Keep America ~~Connected~~ ^{RECEIVED}

National Campaign for Affordable Telecommunications

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MAR 28 1997

Federal Communications Commission
Office of Secretary

David Newburger, Chair
ConnectMissouri

Alliance for Public Technology

Alpha One

American Association for Adult
and Continuing Education

American Coalition for Ethanol

Association for Gerontology and
Human Development at Historically
Black Colleges and Universities

Communications Workers of America
ConnectMissouri

Florida Association for the Deaf

MCIL Resources for Independent Living

Massachusetts Assistive Technology
Partnership

Mid-America Internat'l Agri-Trade Council

Missouri Center on Minority Health
and Aging

National Association of Commissions
for Women

National Association of Development
Organizations

National Black Caucus of State Legislators

National Council of Senior Citizens

National Farmers Union

National Hispanic Council on Aging

National Hispanic Law Enforcement
Association

The National Trust

National Latino Telecommunications
Task Force

Northern Virginia Resource Center for
Deaf and Hard of Hearing Persons

Palm Beach County Association of
the Deaf, Inc.

Presidents Club for Telecommunications
Justice

United Seniors Health Cooperative

Universal Service Alliance

United States Telephone Association

United Homeowners Association

Virginia Public Interest Coalition

World Institute on Disability

Youth Entrepreneurial Leadership Institute

March 18, 1997

Chairman John McCain
Senate Committee on Commerce
254 Russell Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

You recently received a letter from Jonathan Sallet of MCI complaining bitterly about the amount of money MCI pays for its use of local telephone network facilities to conduct its business.

We have a suggestion, perhaps you might pass along to Mr. Sallet: If MCI doesn't like what it has to pay for local telephone service delivery of their customers calls, it should build its own local network.

It is incredible that MCI, along with its two other pricing partners, AT&T and Sprint, have the chutzpah to complain about the cost of connecting their calls into their customers' homes -- which amounts to using the local network as a core asset in its own business.

Access charges, as you know, historically have helped to assure affordable telephone service to all Americans. These charges paid by long distance companies help pay for the cost of local telephone service --- AND THEY SHOULD.

The local telephone network is what makes it possible for the long distance companies to be in business. For the money they pay, they are getting access to a highly reliable, state-of-the-art, telephone network facilities that reaches everyone in the community. Of course, MCI would like to pay only for the parts of the networks it wants to use, when it uses it, instead of contributing to the overall cost of keeping an advanced local network in place.

Access payments are payment for services rendered. In a market system, the price to be charged for such services would be just under what it would cost MCI to build instead of "lease" access to the local network. The old regulatory system devised after the 1984 break-up attempted, in fact, to emulate a market solution, and the result has been truly win-win-win.

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- Consumers win because their local rates are kept lower when everyone, including long distance companies pay their fare share.
- Local companies win because they have sources of revenues that can used to invest and maintain a state of the art, ubiquitous, reliable telephone network.
- Long distance companies benefit because they have access to every local customer in the country, and they don't have to build their own systems first!

What MCI wants from you and the FCC is a proverbial free lunch. Indeed, its gambit is to get Federal rules that assure it virtually a free ride on the back of residential local telephone customers. It wants to lower the amount it pays to local phone companies dramatically, and then stand back when local phone rates go up, attempting to wash its [bloody hands] of any responsibility.

Local telephone service in the United States has been among the most affordable and broadly available in the world. While we are changing our system to a market based approach, it clearly wasn't supposed to result in higher rates or less service to the typical consumer. It was supposed to maintain and extend a universal, modern telecommunications network.

MCI needs to stop its dis-information campaign. Long distance rates help pay for local service.....and they should. It is a fair payment for valuable services rendered. As I said at the top, if MCI is so sure it is being overcharged....let it build and operate a better local telephone network.

Sincerely,

A handwritten signature in cursive script that reads "David Newburger". The signature is written in dark ink and is positioned above the printed name and title.

David Newburger
Chairman